

## CAPITAL INVESTMENT BOARD, IOWA[123]

### Notice of Intended Action

**Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”**

**Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.**

Pursuant to the authority of Iowa Code section 15E.63, the Iowa Capital Investment Board hereby gives Notice of Intended Action to amend Chapter 3, “Tax Credit for Investments in Venture Capital Funds,” and Chapter 4, “Investment Tax Credits Relating to Investments in a Fund of Funds Organized by the Iowa Capital Investment Corporation,” Iowa Administrative Code.

These amendments are proposed as a result of 2010 Iowa Acts, Senate File 2380.

Item 1 adopts new rule 123—3.9(15E) to provide for the repeal of the tax credit for investments in venture capital funds.

Item 2 amends the implementation clause for 123—Chapter 3.

Item 3 amends rule 123—4.4(15E) to provide for a reduction in the amount of contingent tax credits related to investments in the Iowa Fund of Funds to \$60 million.

Item 4 amends the implementation clause for 123—Chapter 4.

These amendments are being proposed by the Department of Revenue on behalf of the Iowa Capital Investment Board pursuant to an Administrative Services Agreement between the Department and the Board.

The proposed amendments will not necessitate additional expenditures by political subdivisions or agencies and entities which contract with political subdivisions.

Any person who believes that the application of the discretionary provisions of these amendments would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

The Department has determined that these proposed amendments may have an impact on small business. The Department has considered the factors listed in Iowa Code section 17A.4A. The Department will issue a regulatory analysis as provided in Iowa Code section 17A.4A if a written request is filed by delivery or by mailing postmarked no later than August 3, 2010, to the Iowa Capital Investment Board, in care of the Policy Section, Taxpayer Services and Policy Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. The request may be made by the Administrative Rules Review Committee, the Administrative Rules Coordinator, at least 25 persons signing that request who each qualify as a small business or an organization representing at least 25 such persons.

Any interested person may make written suggestions or comments on these proposed amendments on or before July 20, 2010. Such written comments should be directed to the Iowa Capital Investment Board, in care of the Policy Section, Taxpayer Services and Policy Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306.

Persons who want to convey their views orally should contact the Iowa Capital Investment Board, in care of the Policy Section, Taxpayer Services and Policy Division, Department of Revenue, at (515)281-8450 or at the Department of Revenue offices on the fourth floor of the Hoover State Office Building.

Requests for a public hearing must be received by July 30, 2010.

These amendments are intended to implement Iowa Code sections 15E.51 and 15E.66 as amended by 2010 Iowa Acts, Senate File 2380.

The following amendments are proposed.

ITEM 1. Adopt the following new rule 123—3.9(15E):

**123—3.9(15E) Repeal of the tax credit.** The tax credit for investments in venture capital funds is repealed for investments made after July 1, 2010. Any tax credit certificates issued for investments made on or before July 1, 2010, are valid and can be claimed on tax returns beginning with the third tax year following the tax year the investment was made in accordance with rule 123—3.6(15E).

ITEM 2. Amend **123—Chapter 3**, implementation sentence, as follows:

These rules are intended to implement Iowa Code section 15E.51 as amended by 2010 Iowa Acts, Senate File 2380.

ITEM 3. Amend rule **123—4.4(15E)**, first unnumbered paragraph, as follows:

Following receipt of the certification of the Iowa capital investment corporation pursuant to rule 123—4.3(15E), the board shall issue a certificate to each such designated investor at the closing. The maximum amount of tax credits represented by each certificate shall be calculated in accordance with the limited partnership agreement or operating agreement of the applicable fund of funds. The board shall not issue certificates if, in the aggregate, the maximum amount of tax credits represented by all issued and uncanceled certificates at any time would exceed ~~\$100~~ \$60 million (less the aggregate amount of any tax credits that have been used to reduce tax liabilities) calculated in accordance with Iowa Code section 15E.66.

ITEM 4. Amend **123—Chapter 4**, implementation sentence, as follows:

These rules are intended to implement Iowa Code chapter 15E as amended by ~~2005~~ 2010 Iowa Acts, Senate File ~~414~~ 2380.